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**Tangipahoa Parish Library**  
**Amite, Louisiana**

**Annual Financial Statements**

**As of and for the Year Ended December 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-26-06

**TANGIPAHOA PARISH LIBRARY**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**ANNUAL FINANCIAL STATEMENTS**

**As of and for the Year Ended  
December 31, 2005**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Control  
The Tangipahoa Parish Library  
Amite, Louisiana 70422

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tangipahoa Parish Library, a component unit of the Tangipahoa Parish Council, Louisiana as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tangipahoa Parish Library as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2006 on our consideration of the Tangipahoa Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

**BRUCE HARRELL & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
A Professional Accounting Corporation

To the Board of Control  
The Tangipahoa Parish Library

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The Management's Discussion and Analysis and the other Required Supplemental Information on pages 6 through 10 and page 29, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tangipahoa Parish Library's basic financial statements. The supplementary information on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Tangipahoa Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

June 15, 2006

**Required Supplemental Information  
(Part I)  
Management's Discussion and Analysis**

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Management's Discussion and Analysis**  
**As of and for the year ended December 31, 2005**

**General Information**

The Tangipahoa Parish Library (Library) is a public library system established in 1944 for the purpose of making available to all citizens of the parish books, other library materials, and technology for education, information, and recreation. The library strives to maintain a program of service to locate information, guide reading, promote literacy, and provide the most effective use of library resources.

Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Government Accounting Standard's Board (GASB) in their statement number 34. Its purpose is to provide an overview of the financial activities of the Library based on currently known facts, decisions, or conditions.

**Financial Highlights**

Ad valorem taxes reflect an authorized and levied millage of 5.81 which resulted in \$1,869,249 of revenue.

Total revenue for 2005 was \$2,159,569. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for laminating and photo copies, gifts, and fines.

Library expenditures for 2005 totaled \$1,429,419, consisting of \$1,402,749 in expenditures plus \$26,670 additional funds provided under the *Cooperative Endeavor Agreement for the Ponchatoula Library*.

**Revenue**

The Library's revenue consists of a parish-wide property tax of 5.81 mills, state revenue sharing, state aid to public libraries, interest earnings, gifts, and miscellaneous fees and forfeitures.

**Expenditures**

Expenditures include: library administration - personnel salaries and benefits, operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds, and vehicles; materials and supplies - office, buildings, grounds, vehicle, and library supplies; Travel - continuing education travel and expenses; capital outlay - vehicles, machinery and equipment, major repairs, and library materials; and intergovernmental expenditures - contributions to retirement systems.

*Library administration* expenditure decreases were a result of the Library operating for ten months without an executive director. During this ten month period, purchases were limited to necessary expenditures. No large purchases for the collection were made.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Management's Discussion and Analysis - continued**  
**As of and for the year ended December 31, 2005**

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplemental Information which is in addition to the basic financial statements.

**Government-Wide Financial Statements**

The annual financial report of the Library includes two government-wide financial statements. These statements provide information about the Library using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The two government-wide financial statements are as follows:

**The Statement of Net Assets** presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

**The Statement of Activities** presents information showing how the Library's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The purpose of the Statement of Activities is to demonstrate the financial reliance of the governmental type activities or functions of the Library on revenues provided by the taxpayers.

**Fund Financial Statements**

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Library uses a single governmental type fund, the General Fund, to ensure and demonstrate compliance with finance-related laws and regulations. Governmental type funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The financial statements can be found on pages 12 to 17 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 27 of this report.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Management's Discussion and Analysis - continued**  
**As of and for the year ended December 31, 2005**

**Other Supplemental Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. Required supplemental information can be found beginning on page 29 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Library's net assets for the current and prior fiscal year. For more detailed information on the current fiscal year, see the Statement of Net Assets on page 12 of this report.

**Summary of Net Assets**  
**December 31**

	<u>2005</u>	<u>2004</u>
Current and Other Assets	\$3,528,900	\$2,735,990
Capital Assets, Net	<u>3,405,460</u>	<u>3,394,004</u>
Total Assets	<u>6,934,360</u>	<u>6,129,994</u>
Other Liabilities	<u>191,219</u>	<u>128,459</u>
Total Liabilities	<u>191,219</u>	<u>128,459</u>
Net Assets:		
Investment in Capital Assets	3,405,460	3,394,004
Unrestricted	<u>3,337,681</u>	<u>2,607,531</u>
Total Net Assets	<u>\$6,743,141</u>	<u>\$6,001,535</u>

The Library's assets at December 31, 2005, exceed liabilities by \$6,743,141 (net assets), with the Library reporting positive balances in both categories of net assets. Of the total net assets, \$3,337,681 are Unrestricted Net Assets. The balance of net assets includes a total of \$3,405,460 Invested in Capital Assets, consisting of the Library's net investment in library equipment and vehicles, books, and facilities improvements. The investment in Capital Assets matches the amount recorded for Capital Assets (net of depreciation) since the Library has not incurred, and applicable statutes prohibit the Library from incurring, long-term debt.

The largest components of the "Current and Other Assets" category are investments totaling \$1,553,775, consisting of funds deposited within the Louisiana Asset Management Pool, Inc. (LAMP), and receivables consisting primarily of an ad valorem tax receivable of \$1,871,424 and a state revenue sharing receivable of \$101,346.



**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Management's Discussion and Analysis - continued**  
**As of and for the year ended December 31, 2005**

Other Liabilities, totaling \$191,219 consist primarily of accounts payable, payroll related liabilities, and deductions from property tax distributions for pension fund obligations.

**Summary of Changes in Net Assets**  
**For year ended December 31**

	<u>2005</u>	<u>2004</u>
Revenues:		
Program	\$ 51,072	\$ 44,603
General	<u>2,108,497</u>	<u>1,978,515</u>
	2,159,569	2,023,118
 Program Expenses	 <u>1,417,963</u>	 <u>1,486,270</u>
 Change in Net Assets	 741,606	 536,848
 Net Assets - Beginning	 <u>6,001,535</u>	 <u>5,464,687</u>
 Net Assets - Ending	 <u>\$6,743,141</u>	 <u>\$6,001,535</u>

The major component of Program Revenues, totaling \$51,072, consists of charges for fines, and fee charges at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$1,869,249, state revenue sharing totaling \$152,019, and interest earnings totaling \$68,368.

Ad valorem taxes increased \$150,956 from last year as property tax assessments increased. Interest earnings increased by \$40,502 due to improving interest rates.

Program expenses shown in the Summary of Changes in Net Assets are not detailed since the level of detail for presentation of expenses on a functional basis would be the same as presented in the Statement of Activities on page 13. The largest expense category of expenses was for personnel services, totaling \$741,688.

Other significant expenses include operating services at \$80,265, rental at \$73,830, maintenance of \$66,308, and expenses of \$56,913 for stolen, destroyed, and obsolete books.

As a result of never ending technical problems, the Library entered into a contract for outsourced IT services on April 15, 2005, at a rate of \$3,855 per month.

**Fund Financial Analysis**

As noted previously, the Library's sole governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements can be found on pages 14 to 17 of this report. Within the fund statements, the Library recorded an excess of revenues and other sources over expenditures and other uses of \$730,150 resulting in a fund balance of \$3,337,681 at December 31, 2005.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Management's Discussion and Analysis - concluded**  
**As of and for the year ended December 31, 2005**

**Capital Assets**

The investment in capital assets, net of accumulated depreciation as of December 31, 2005, was \$3,405,460. There was an overall increase in net capital assets of \$11,456. An inventory of all assets of the Library was performed on December 28, 2005. There were no deletions for the fiscal year ending December 31, 2005.

**Budgetary Highlights**

The Library demonstrated legal compliance by adopting its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures and other uses did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources exceeded the original/final budgeted amounts by \$460,111. Actual expenditures and other uses were under the original/final budgeted amounts by \$770,037.

The Library did not amend its budget for 2005.

**Economic Factors and Next Year's Budget**

The Library's 2006 budget will show an increase in Library Administration due to increases in employees' salaries, benefits (health insurance and retirement contributions), and additional staff. In addition, insurance has been budgeted with a substantial increase as a result of Hurricane Katrina and expected rate increases.

**Conclusion**

The Library has continued its programming and services to the public, expanded its facilities, and maintains an adequate number of staff to support the library's program. Additional professional level librarians are desirable to facilitate the maximum use of the Library and its services. Enthusiastic staff members continue to develop successful programs and two grants enabled the Library to provide entertainment and educational activities. Technology continues to be the Library's biggest challenge: updating hardware and software, maintenance, service, and availability of an adequate number of computers.

The annual operations and maintenance budget enables the Library to provide building and ground maintenance.

**Contacting the Tangipahoa Parish Library's Administration**

This financial report is designed to provide a general overview of the Tangipahoa Parish Library's finances. Questions about this report or requests for additional information may be sent to Christopher Kueschmann, Director, Tangipahoa Parish Library, 200 East Mulberry Street, Amite, LA 70422.

# **Basic Financial Statements**

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Statement of Net Assets**  
**December 31, 2005**

<b>Assets</b>	
Cash and cash equivalents	\$ 1,152
Investments	1,553,775
Receivables	1,973,973
Capital assets, net of accumulated depreciation	<u>3,405,460</u>
<b>Total Assets</b>	<u><b>6,934,360</b></u>
<b>Liabilities</b>	
Accounts payable	42,256
Accrued salaries/leave	36,912
Deductions from ad valorem tax	74,430
Deferred revenue	<u>37,621</u>
<b>Total Liabilities</b>	<u><b>191,219</b></u>
<b>Net Assets</b>	
Investment in Capital Assets	3,405,460
Unrestricted	<u>3,337,681</u>
<b>Net Assets</b>	<u><b>\$6,743,141</b></u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Statement of Activities**  
**For the year ended December 31, 2005**

**Expenses**

**Library services:**

Personnel services	\$ 741,688
Operating services	80,265
Communications	32,431
Rentals	73,830
Maintenance	66,308
Professional services	91,006
Insurance	52,079
Materials and supplies	44,704
Grant expenditures	8,692
Travel	535
Intergovernmental	74,430
Co-Operative Endeavor Agreement	26,670
Stolen, destroyed, or obsolete books	56,913
Depreciation	<u>68,412</u>

Total Expenses 1,417,963

**Program Revenues**

Fees, fines, and other charges for services 51,072

Total Program Revenues 51,072

Net Program Expense 1,366,891

**General Revenue**

Ad valorem taxes	1,869,249
State revenue sharing	152,019
Grant revenues	14,716
Interest earnings	68,368
Miscellaneous	505
Donations	<u>3,640</u>

Total General Revenues 2,108,497

Change in Net Assets 741,606

**Net Assets**

Beginning of the year 6,001,535

Net Assets - End of the year \$6,743,141

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Balance Sheet - Governmental Fund**  
**December 31, 2005**

**Assets**

Cash and cash equivalents	\$ 1,152
Investments	1,553,775
Receivables	<u>1,973,973</u>

Total Assets	<u>\$3,528,900</u>
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**Liabilities and Fund Equity**

**Liabilities**

Accounts payable	\$ 42,256
Accrued salaries/leave	36,912
Deductions from ad valorem tax	74,430
Deferred revenue	<u>37,621</u>
Total Liabilities	<u>191,219</u>

**Fund Equity**

Fund balance - unreserved - undesignated	2,837,681
Fund balance - unreserved - designated	<u>500,000</u>
Total Fund Equity	<u>3,337,681</u>

Total Liabilities and Fund Equity	<u>\$3,528,900</u>
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The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Government)**

**Reconciliation of the Balance Sheet - Governmental Fund  
To the Statement of Net Assets  
December 31, 2005**

Fund balance - governmental fund	\$3,337,681
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Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in  
the governmental fund.

Governmental capital assets	4,076,237
Less Accumulated Depreciation	<u>(670,777)</u>

Net Assets of Governmental Activities	<u>\$6,743,141</u>
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The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund Type - General Fund**  
**For the year ended December 31, 2005**

<b>Revenues</b>	
Ad valorem taxes	\$1,869,249
State revenue sharing	152,019
Grant revenues	14,716
Fines and fees	51,072
Interest earnings	68,368
Donations	3,640
Miscellaneous	505
Total Revenues	<u>2,159,569</u>
<b>Expenditures</b>	
Personnel services	741,688
Operating services	80,265
Communications	32,431
Rentals	73,830
Maintenance	66,308
Professional services	91,006
Insurance	52,079
Materials and supplies	44,704
Grant expenditures	8,692
Travel	535
Intergovernmental expenditures	74,430
Capital outlay	136,781
Total Expenditures	<u>1,402,749</u>
<b>Excess of Revenues Over Expenditures</b>	<u>756,820</u>
<b>Other Financing Sources (Uses)</b>	
Co-Operative Endeavor Agreement - Ponchatoula	<u>(26,670)</u>
Total Other Financing Sources (Uses)	<u>(26,670)</u>
<b>Net Change in Fund Balance</b>	730,150
Fund Balance at Beginning of Year	<u>2,607,531</u>
<b>Fund Balance at End of Year</b>	<u><b>\$3,337,681</b></u>

The accompanying notes are an integral part of these statements.



**Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Government)**

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balance of Governmental Fund  
To the Statement of Activities  
For the year ended December 31, 2005**

**Amounts reported for governmental activities in the statement  
of activities are different because:**

Net change in fund balance - total governmental fund (page 16)	\$730,150
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	68,369
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Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	<u>(56,913)</u>
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<b>Change in net assets of governmental activities (page 13)</b>	<b><u>\$741,606</u></b>
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The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements**  
**December 31, 2005**

**INTRODUCTION**

The Tangipahoa Parish Library (Library) was established by the governing authority under the provisions of Louisiana Statute (LSA-RS) 25:211. The Library provides citizens of the parish access to library materials, books, magazines, records, and films. The Library is governed by a Board of Control of seven members, which are appointed by the Tangipahoa Parish Government in accordance with the provisions of LSA RS 25:214. One member of the Tangipahoa Parish Government serves as an ex-officio member of the Board. The members of the Board of Control serve without pay. Primary financing is provided by ad valorem taxes and interest earned on investments.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

**B. REPORTING ENTITY**

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the identification of a primary government unit for financial reporting purposes.

The Library does not possess all the corporate powers necessary to make it a legally separate entity from the Tangipahoa Parish Government, which holds the Library's corporate powers. For this reason, the Library is a component unit of the Tangipahoa Parish Government, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Library. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library's only fund, the general fund, is classified as a governmental type activity.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

The statement of activities and changes in net assets demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from good, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The district has no proprietary funds.

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Library reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The district has no business-type activities or enterprise funds.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

Amounts reported as program revenues, if any, include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. DEPOSITS AND INVESTMENTS**

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments for the Library are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**F. RECEIVABLES AND PAYABLES**

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date of Millage</u>
General Fund	3.00	3.00	10/01/08
General Fund	2.81	2.81	10/01/14

**G. CAPITAL ASSETS**

Capital assets are capitalized at historic cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$500 or more for capitalizing vehicles, furniture, and equipment. A threshold level of \$25,000 or more is maintained for leasehold improvements.

**Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana**

**Notes to the Financial Statements - continued  
As of and for the Year Ended December 31, 2005**

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than the library collection, are depreciated using the straight-line method over the following estimated useful life years:

<u>Asset Class</u>	<u>Years</u>
Equipment	3 - 10
Furniture and Fixtures	3 - 12
Motor Vehicles	5 - 10
Leasehold Improvements	Shorter of (1) remaining lease term, or (2) useful life of improvement.

The Library board has adopted the policy that the library "collection" will be reported on a composite basis by making adjustments to total value to reflect increases or decrease in total value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**H. COMPENSATED ABSENCES**

The Library has the following policy relating to vacation and sick leave:

Permanent employees of the Library earn from 9 to 20 days of vacation leave each year, depending on their length of service and job classification. Annual leave may be accumulated up to 1-1/2 times the total annual leave, but only ½ of total annual leave may be carried over from one year to another, with minor exceptions. Upon separation, employees are paid at their current rate of pay for accrued leave up to a maximum of 3 weeks. Employees earn 13 days of sick leave each year. Sick leave may be accumulated up to 300 hours but upon separation any accumulated sick leave is forfeited.

**I. FUND EQUITY**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**J. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

**K. NET ASSETS/FUND BALANCES**

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

**Investment in Capital Asset**

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

**Restricted Net Assets**

Net assets that are restricted by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets. The Library has no restricted net assets.

**Unrestricted Net Assets**

This category represents net assets not appropriated for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

**Reserved:** These resources are segregated because their use is earmarked for a specific use.

**Unreserved:** This category represents that portion of equity not appropriated for expenditures or legally segregated for a specific future use.

**2. BUDGETS**

The Library uses the following budget practice:

The Library adopts a budget for the General Fund on the modified accrual basis each year. The budget for the fiscal year ended December 31, 2005, was adopted on December 13, 2004. The budget is monitored by the Board of Control and amended by the Tangipahoa Parish Government as needed at the request of the Board of Control. The budget was not amended for the fiscal year ended December 31, 2005. Unexpended budget balances lapse at year-end.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

**3. CASH AND CASH EQUIVALENTS**

At December 31, 2005, the Library has cash and cash equivalents totaling \$1,152 as follows:

Interest-bearing demand deposit	\$1,102
Cash on hand	<u>50</u>
Total	<u>\$1,152</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2005, the Library has \$1,152 in deposits (collected bank balances). Deposits are secured from risk by federal deposit insurance.

**4. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

- I. Insured or registered, or securities held by the Library or its agent in the Library's name
- II. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Library's name
- III. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Library's name.

All investments held by the Library fall into Category I credit risk, defined as "insured or registered, or securities held by the Library or its agent in the Library's name". In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Investments held by the Library at December 31, 2005, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Total Carrying Amount</u>
LAMP	\$1,553,775	\$1,553,775

In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2005, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPA's.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**5. RECEIVABLES**

The following is a summary of receivables at December 31, 2005:

<u>Class of Receivable</u>	<u>General Fund</u>
Ad valorem Taxes	\$1,871,424
State Revenue Sharing	101,346
Grants	1,172
NSF checks	<u>31</u>
Total	<u>\$1,973,973</u>

An allowance account for ad valorem taxes receivable is not considered necessary.



**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

**6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2005, is as follows:

<u>Depreciable Assets:</u>	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2005</u>
Vehicles	\$ 158,882	\$ -	\$ -	\$ 158,882
Equipment and Furniture	536,520	13,018	-	549,538
Leasehold Improvements	175,971	-	-	175,971
 <u>Non-Depreciable Assets</u>				
Library Collection	<u>3,124,996</u>	<u>123,763</u>	<u>56,913</u>	<u>3,191,846</u>
Total Cost	3,996,369	136,781	56,913	4,076,237
 Less accumulated depreciation:				
Vehicles	128,098	14,250	-	142,348
Equipment and Furniture	384,625	39,036	-	423,661
Leasehold Improvements	<u>89,642</u>	<u>15,126</u>	<u>-</u>	<u>104,768</u>
Total Accumulated Depreciation	<u>602,365</u>	<u>68,412</u>	<u>-</u>	<u>670,777</u>
 Governmental Activities				
Capital Assets, net	<u>\$3,394,004</u>	<u>\$ 68,369</u>	<u>\$56,913</u>	<u>\$3,405,460</u>

**7. PENSION PLAN**

*Plan Description.* Substantially all employees of the Tangipahoa Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds and all elected parish officials are eligible to participate in the System. Under plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - continued**  
**As of and for the Year Ended December 31, 2005**

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 12.75 percent of the annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish (except Orleans and East Baton Rouge Parishes). These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Tangipahoa Parish Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The Tangipahoa Parish Library's contributions to the System under Plan A for the year ending December 31, 2005, 2004, and 2003, were \$53,350, \$50,759 and \$32,025, respectively, equal to the required contribution for each year.

**8. COMPENSATED ABSENCES**

At December 31, 2005, employees of the Library have accumulated and vested \$17,259 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The \$17,259 is recorded as an obligation of the General Fund.

**9. LEASES**

At December 31, 2005, the Library has operating leases of the following nature:

Tangipahoa Parish Library rents a building for the operation of the Amite branch on a month to month basis for \$2,700 per month. Total rent expense was \$32,400.

The Tangipahoa Parish Library rents a building for the operation of the Hammond branch from the Tangipahoa Parish Government at a monthly rate of \$3,400. Total rent expense was \$40,800.

**10. CO-OPERATIVE ENDEAVOR AGREEMENT**

The Tangipahoa Parish Library Board of Control entered into a Co-Operative agreement with the Tangipahoa Parish Government dated July 8, 2002, to construct an addition to the Ponchatoula Branch. The Library was to only pay \$150,000 per this agreement.

On August 3, 2005, this agreement was amended for the excess costs due to a roof design change. The Library paid the Tangipahoa Parish Government \$26,670 as a result of this change.

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Notes to the Financial Statements - concluded**  
**As of and for the Year Ended December 31, 2005**

**11. LITIGATION**

There is no outstanding litigation at December 31, 2005.

**12. SUBSEQUENT EVENTS**

- The Library, in January 2006, purchased 18 new computers with the \$29,332 State Aid Grant.

## **Required Supplemental Information (Part II)**

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Gaap Basis) and Actual**  
**Governmental Fund Type - General Fund**  
**For the year ended December 31, 2005**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Ad valorem taxes	\$1,500,000	\$1,869,249	\$369,249
State revenue sharing	100,000	152,019	52,019
Grant revenues	34,356	14,716	(19,640)
Fines and fees	40,550	51,072	10,522
Interest earnings	23,000	68,368	45,368
Donations	1,500	3,640	2,140
Miscellaneous	50	505	455
<b>Total Revenues</b>	<u>1,699,456</u>	<u>2,159,569</u>	<u>460,113</u>
<b>Expenditures</b>			
Personnel services	846,000	741,688	104,312
Operating services	80,000	80,265	(265)
Communications	56,500	32,431	24,069
Rentals	78,000	73,830	4,170
Maintenance	80,000	66,308	13,692
Professional services	77,000	91,006	(14,006)
Insurance	60,000	52,079	7,921
Materials and supplies	75,000	44,704	30,296
Grant expenditures	37,356	8,692	28,664
Travel	7,000	535	6,465
Intergovernmental expenditures	40,000	74,430	(34,430)
Capital outlay	262,600	136,781	125,819
<b>Total Expenditures</b>	<u>1,699,456</u>	<u>1,402,749</u>	<u>296,707</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>756,820</u>	<u>756,820</u>
<b>Other Financing Sources (Uses)</b>			
Co-Operative Endeavor Agreement - Ponchatoula-	(26,670)	( 26,670)	-
Co-Operative Endeavor Agreement - Armit	(500,000)	-	500,000
<b>Total Other Financing Sources (Uses)</b>	<u>(526,670)</u>	<u>(26,670)</u>	<u>500,000</u>
<b>Net Change in Fund Balance</b>	(526,670)	730,150	1,256,820
<b>Fund Balance at Beginning of Year</b>	<u>2,286,510</u>	<u>2,607,531</u>	<u>321,021</u>
<b>Fund Balance at End of Year</b>	<u>\$1,759,840</u>	<u>\$3,337,681</u>	<u>\$ 1,577,841</u>

See Independent Auditor's Report.

## **Other Supplemental Information**

**Tangipahoa Parish Library**  
**(A Component Unit of the Tangipahoa Parish Government)**  
**Amite, Louisiana**

**Schedule of Board Members**  
**For the Year Ended December 31, 2005**

	<u>Term</u>	<u>Term Expires</u>
Ginger Daughdrill, President 2002 Dennis Drive Hammond, LA 70401 (985) 345-2376	5 years	January 2010
Quincy Walker, Vice President 60035 Charles McDaniel Road Kentwood, LA 70444 (225) 229-5280	5 years	January 2006
Martha Ebrecht, Treasurer Post Office Box Ponchatoula, LA 70454 (985) 386-9886	5 years	July 2006
Gloria Vinyard 49274 Ravenwood Drive Loranger, LA 70446 (985) 542-8313	5 years	April 2010
Bodker, A.J. 2064 Angela Drive Ponchatoula, LA 70454 (985) 386-3902	5 years	January 2009
Wayne Bridges 602 Hardy Street Amite, LA 70422 (985) 748-5248	5 years	April 2007
Jim Alexander 18348 Hwy 16 Amite, LA 70422 (985) 748-9517	5 Years	January 2008
Lionell Wells, Ex-Officio 1700 Mooney Avenue Hammond, LA 70403	N/A	N/A

No compensation is paid to these members.

**Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Government)  
Amite, Louisiana**

**Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2005**

**Section I - Internal Control and Compliance Material to the Financial Statements**

No Section I Findings.

**Section II - Internal Control and Compliance Material to Federal Awards**

Section II Not applicable.

**Section III - Management Letter**

Reference Number: 99-2

Fiscal Year Finding Initially Occurred: Ending December 31, 1999

Description of Finding:

For prior fiscal years, we recommended that the Tangipahoa Parish Library:

1. Complete an inventory of all fixed assets (capital assets), and input all fixed asset records into a fixed asset program to record and depreciate capital assets as required under the Government Accounting Standards board (GASB) Statement #34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.
2. Reconcile expenditures recorded in general ledger capital expenditure accounts to additions in the fixed asset database and to maintain documentation for deleted capital assets.

For the fiscal year ended December 31, 2005, the Library reviewed and revised the fixed asset management records, and completed an inventory of all assets. Testing of the capital assets listing did not disclose any material differences between the fixed asset listing and items traced to physical locations. The Library appears to be in substantial compliance with the provisions of LSA Revised Statutes 39:321-332 requiring maintenance of a capital asset listing and annual inventory of fixed assets.

Corrective Action Taken: Final



**Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)  
Amite, Louisiana**

**Schedule of Current Year Audit Findings  
For the Year Ended December 31, 2005**

**Section I - Internal Control and Compliance Material to the Financial Statements**

No Section I Findings.

**Section II - Internal Control and Compliance Material to Federal Awards**

Section II Not applicable.

**Section III - Management Letter**

No Section III Findings.

Bruce C. Harrell, CPA

Dale H. Jones, CPA

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**MEMBERS**

American Institute of CPAs  
Society of Louisiana CPAs



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control  
Tangipahoa Parish Library  
Amite, Louisiana 70422

We have audited the financial statements of the governmental activities and each major fund of the Tangipahoa Parish Library, as of and for the year ended December 31, 2005, which collectively comprise Tangipahoa Parish Library's basic financial statements and have issued our report thereon dated June 15, 2006. We have conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Tangipahoa Parish Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**BRUCE HARRELL & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**A Professional Accounting Corporation**

To the Board of Control  
Tangipahoa Parish Library

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This report is intended for the information of the management of the Tangipahoa Parish Library and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statutes § 24:513.

A handwritten signature in black ink, appearing to read "Bruce Harrell & Co.", written in a cursive style.

Bruce Harrell and Company, CPA's  
A Professional Accounting Corporation

June 15, 2006